



*Statement by*  
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**COMMERCE, JUSTICE AND STATE SUBCOMMITTEE**  
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**Introduction**

Chairman Mollohan, Ranking Member Wolf and members of the subcommittee, thank you for having me here today to testify on behalf of the Administration and the Economic Development Administration on the Fiscal Year 2011 budget.

When I got the call from Secretary Locke to lead this agency I was humbled by the chance to serve. I knew that President Obama and Secretary Locke were determined to renew American innovation and redefine economic development. As a former mayor, I have seen first-hand the impacts - good and bad - of our ever changing economy.

The EDA was an important partner with me and my community in Bloomington, Indiana when we faced the closing of a major consumer electronics company. EDA helped make it possible for us to collaborate with public and private sector partners to develop our strategy and implement it.

And now, as the leader of EDA, I am proud of the agency's reputation of fostering sustainable economic growth, cultivating job creation and encouraging innovative solutions that improve local and regional economic development outcomes. EDA's success is due in no small part to its focus on job creation and its flexibility of programs.

We are the only federal agency with economic development as our exclusive mission and I believe we are poised to provide leadership on the federal economic development agenda with our forward-looking approach to economic development.

The Administration is committed to moving the nation from recovery to rebuilding our economy by building a new foundation for the long-term job creation and prosperity for all American families. EDA is an integral part of President Obama's economic recovery team and is committed to sustained economic growth through its efforts to create jobs, harness innovation and increase capital investments in economically distressed areas.

EDA's 2011 budget reflects the importance of competitive, high-performing regional economies as the building blocks of sustainable growth, consistent with the FY 2010 budget request, which was an increase of 6% over the FY 2009 budget. We deeply appreciate the strong support from the Congress for our FY 2010 budget proposal.

EDA's FY 2010 budget also reversed a trend of reduced salary and expense money that had been prevalent for many years. Looking back at past budgets, EDA had 265 full time employees in 2000. By FY 2009, EDA's staff was down to 175. Last year's increase

will allow us to properly support the agency's capacity to provide the strong policy development and program implementation that are critically needed in these tough economic times

### **EDA Successes- FY 2009 Highlights**

EDA focuses on economic development by providing unique planning and investment programs to help communities succeed in our global economy.

EDA works directly with local economic development officials through a bottom-up approach that both supports and relies upon a well-established network of local and regional economic development professionals. This collaborative approach results in grant investments that are well-defined, timely, and linked to a longer term sustainable economic development strategy. Linking EDA's investments to a community's strategic economic development plan enables the federal government to better leverage public and private sector investments.

EDA advances regional approaches through both its planning program and its funding priorities for implementation grants. EDA's flexible program portfolio and organizational structure allows the agency to customize federal assistance in ways that offer the most effective investment to help communities succeed in our global economy.

Rather than a one-size-fits-all approach, EDA can fund customized solutions developed by our local partners ranging from traditional infrastructure investments, revolving loan

funds, planning grants and other resources. By quickly responding to the often changing economic needs of communities, EDA is able to help speed the transition to a more entrepreneurial, innovation driven society.

In total, EDA received 1,338 grant applications in FY 2009. We funded 70 percent of the total application requests. The following table breaks this down by program. In addition, by the second quarter of FY 2010, we have already received 924 applications, totaling \$1.1B.

EDA FY 2009 Activity by Program				
Program	EDA \$ Approved	# Approved	EDA Application \$	# EDA Applications
Public Works	\$145,074,306	91	\$530,535,742	222
Planning	\$30,880,885	463	\$32,829,383	479
GCCMIF	\$7,636,885	9	\$7,636,885	9
Econ Adjustment	\$38,879,918	71	\$422,763,149	133
Disaster Supplemental	\$184,640,688	137	\$485,545,901	249
Disaster	\$948,035	3	\$948,035	3
ARRA	\$147,000,000	68	\$211,484,318	91
Trade Adjustment Assistance	\$13,904,051	11	\$13,904,051	11
Technical Assistance	\$9,676,027	82	\$24,919,829	140
Research	\$30,000	1	\$30,000	1
Totals	\$578,670,795	936	\$1,730,597,293	1,338
Notes:				
(1) Amounts do not include Reimbursable Funds				
(2) GCCMIF Funding also is included in some PW and EA projects in FY 2009				
(3) Some pending applications that were or will be considered in a later year are not included				

EDA's 2009 investments supported the President's strategic focus on job creation while building a strong foundation for sustainable economic growth. For example, EDA provided a \$2.1 million Economic Adjustment Assistance investment to Philippi-Barbour

County Regional Airport Authority for construction of infrastructure, two airplane hangars, and office space for an aviation industry incubator for aircraft manufacturing and repair at the airport. The jobs saved and created and the new businesses developed will help the region recover from the decline of coal industry employment and severe floods. This investment is expected to leverage \$3.2M in private investments.

EDA also invested \$925,000 to the Institute for Advanced Learning and Research (IALR) in Danville, Virginia to support the establishment and operation of a Technology Commercialization Team for Southside Virginia. The Team connects IALR research programs with entrepreneurs, small businesses, capital sources, and business assistance programs to promote the commercialization of technology for the start-up and growth of high-tech, global businesses in the region. EDA's assistance to IALR aided the start-up or expansion of 30 companies through successful technology commercialization, which is promoting greater economic diversification for the region.

Fiscal year 2009 was also notable of course for the agency's response to the passage of the American Recovery and Reinvestment Act, for which I am very proud even if most of the accomplishments occurred before my tenure began. EDA effectively responded to the challenges of obligating funds quickly while balancing a need for immediate impact that did not sacrifice long-term, sustainable economic development. EDA received \$150 million of Recovery Act funding and by the end of last September—a full year ahead of schedule—we obligated 100% of our allocation, funding 68 projects in 37 states.

Overall, we invested \$50 million to promote the development of regional innovation

clusters, \$37 million to promote business incubation, \$27 million to promote green jobs, and \$11 million to promote trade, connecting regional economies to the global marketplace. These projects are estimated to produce \$981 million in private investment over the next nine years, a return on taxpayer investment of \$6.67 in private capital for every EDA grant dollar invested.

### **EDA 2011 Budget**

EDA's investment strategy is designed to build upon these key goals and initiatives to establish a foundation for sustainable job growth and the building of durable regional economies throughout the United States.

To achieve these goals, EDA requests \$246 million for Economic Development Assistance Programs (EDAP) and \$40.2 million for Salaries and Expenses (S&E) in this FY 2011 budget Request.

As part of the Administration's place-based initiative, the budget targets at least \$75 million toward planning and matching grants within EDA to support the creation of Regional Innovation Clusters that leverage regions' competitive strengths to boost job creation and economic growth. While not a specific budget program, the Regional Innovation Clusters initiative represents an important strategic framework to guide our overall programmatic investments. Actual investments supporting Regional Innovation Clusters cut across several EDA programs.

Consistent with our FY 2010 budget request, EDA will continue to fully fund its network of Economic Development Districts and Indian tribes, University Centers, and the Research Program. With a budget request of \$16.5M, EDA will continue to address Global Climate Change, enhancing this program's proven contribution to the definition, development and growth of the "green economy," environmental sustainability, and energy efficiency. A majority of EDA's remaining funds, \$167.8M, will be allocated between the Economic Adjustment Assistance program, \$125M, and the Public Works program, \$42.8M.

EDA's request of a \$2.2 million increase in our S&E budget reflects only an adjustment to our base appropriations after last year's significant increase in funding to rebuild the agency's capabilities.

### **Closing**

Mr. Chairman, Ranking Member Wolf and members of the subcommittee, thank you for your time today, and for inviting me to address the FY 2011 Budget Request. EDA is proud of its reputation as an agency that can achieve positive results and one that does not shy away from innovative solutions or rigorous evaluation of its programs in the interests of improving local and regional economic development outcomes. I believe that EDA will continue to be a driver for growth in distressed areas of our country. I look forward to working closely with Congress and to answering any questions you may have.